

money for the cigarette stamps so they can put those on the packages and then later on when they sell those packages to the retailers why they will collect their tax money. But they, in effect, always have their money, which has gone to the state, out...there's an opportunity cost, otherwise known as interest, which they are foregoing by virtue of having to pay us for the stamps up front. In fact, the cigarette wholesalers have been after your Revenue Committee for year and year and years to allow them to buy the stamps on credit and we have said, nope, you can't buy the stamps on credit, we want our money up front. So what we do is we make up for it, we give them a cut and the cut has been as high as five percent, it's been as high as five percent of whatever the tax was. But, you know, as you raise the taxes, as you raise the taxes then you want to lower the cut percentagewise, otherwise the wholesalers can collect an extremely large amount of money for not doing anything differently than they had done theretofore except they, obviously, have to pay more money out when they buy the stamps. That's all. The Revenue Committee tends to adjust the allowance downward. However, when we were dealing with the Governor's tax bill, LB 1238, we determined the administration specifically said, as I asked this of Don Leuenberger, do you want us to adjust the cut downward? The administration said, no. Now there are two reasons for not adjusting the cut downward. The first reason is that inasmuch as you are asking the wholesalers to carry three additional cents on credit on behalf of the state that the wholesalers ought to at least have some advantage in terms of the tax collection and that's why you don't adjust the cut downward. And the reason is a purely political reason. If you don't adjust the cut downward, then the wholesalers tend to find less objection. They tend to find less objection in the stamping and in the tax increase. And sometimes those real politics are worthy of consideration because you need to get a tax increase done and so you bring some folk into the system. With respect to the other part of Senator Baack's amendment, he would eliminate what is known as a two-week floor plan, a two-week floor plan that's fairly difficult to describe. However, I will tell you that most states, most states that impose...well, every state has cigarette taxes, most of the states with high cigarette taxes allow a floor plan and the floor plan simply allows a retail...or wholesaler who has purchased cigarettes in advance of the tax hike to, in effect, keep on hand whatever the week's worth of supplies are...

SPEAKER BARRETT: One minute.